

STROUD DISTRICT COUNCIL

STRATEGY AND RESOURCES COMMITTEE

REPORT FOR INFORMATION

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| Report Title | General Fund and Housing Revenue Account Outturn Report 2021/22 | | | |
| Purpose of Report | To present to the Strategy and Resources Committee the final outturn position against the General Fund revenue budgets for 2021/22 | | | |
| Decision(s) | <p>The Committee RESOLVES to note:</p> <ul style="list-style-type: none"> a) the General Fund Revenue Outturn position for 2021/22, as shown in Table 1. b) the Housing Revenue Account outturn position for 2021/22, as shown in Table 6 c) the transfers to and from earmarked reserves for the year, as detailed in Sections 5 and 8 and Appendix F d) the Capital Programme outturn position for 2021/22, as shown in Appendix G e) the slippage of the Capital Programme budget and a revised Capital Programme budget for 2022/23, as shown in Table 11 and Appendix H | | | |
| Consultation and Feedback | Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated into the report to explain difference between budgets and actual income and expenditure. | | | |
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| Options | None | | | |
| Background Papers | None | | | |
| Appendices | <p>Appendix A – Strategy and Resources Committee Revenue Detail</p> <p>Appendix B – Community Services and Licensing Committee Revenue Detail</p> <p>Appendix C – Housing Committee (General Fund) Revenue Detail</p> <p>Appendix D – Environment Committee Revenue Detail</p> <p>Appendix E – Housing Revenue Account Revenue Detail</p> <p>Appendix F – Earmarked Reserve Detail</p> <p>Appendix G – Capital Outturn Detail</p> <p>Appendix H – Capital Financing</p> <p>Appendix I – Capital Budget 2022/23</p> <p>Appendix J – Covid-19 Financial Impact</p> | | | |
| Implications (further details at the end of the report) | Financial | Legal | Equality | Environmental |
| | No | No | No | No |

1. Background

- 1.1 This report sets out the final outturn position for the 2021/22 financial year and considers changes to balances and reserves.
- 1.2 This report is to provide members with a more detailed view of the performance against the General Fund revenue budget, Housing Revenue Account revenue budget and Capital programmes for 2021/22.
- 1.3 **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail that they could be referred to the report author or the appropriate service manager before the meeting.**

Key

1,000 Expenditure / Overspend (higher spend or lower income)
 (1,000) Income / Underspend (lower spend or additional income)

2. Summary

- 2.1 The **General Fund** has an **underspend of £1.761million**, as set out in Section 3. This has been allocated to a number of reserves for future use. A full breakdown of the allocation can be found in Section 4.
- 2.2 The **Housing Revenue Account (HRA)** has a net **overspend of £0.332million**, as set out in Section 7. This will be funded from HRA general reserves.
- 2.3 There is total **Capital expenditure of £23.955million**, giving net underspend/slippage of £9.126million. It is proposed that £7.076million is carried forward and added to the 2022/23 Capital Programme budget.

3. General Fund Revenue Outturn 2021/22

- 3.1 The final General Fund Revenue budget for 2021/22, including corporate items and reserve transfers, was £10.687m. The final outturn position for the year is £13.998m with a transfer from reserves of £1.882m. Total funding was £13.878m, generating an underspend of £1.761m.
- 3.2 Table 1 shows a breakdown of the outturn position, by Committee.

Table 1 – General Fund Outturn Summary

| Committee Service Area | Original Budget 2021/22 £k | Revised Budget 2021/22 £k | Outturn 2021/22 £k | Reserve Transfers £k | Outturn Variance £k |
|---------------------------------------------|---------------------------------------|--------------------------------------|-------------------------------|---------------------------------|--------------------------------|
| Community Services and Licensing | 3,010 | 3,252 | 3,788 | (172) | 364 |
| Environment | 6,172 | 5,917 | 4,860 | 214 | (843) |
| Housing General Fund | 773 | 980 | 564 | 344 | (72) |
| Strategy and Resources | 8,031 | 8,184 | 6,990 | 724 | (469) |
| Charges to HRA | (2,058) | (2,058) | (2,205) | 0 | (147) |
| NET SERVICE REVENUE EXPENDITURE | 15,928 | 16,275 | 13,998 | 1,109 | (1,167) |
| Funding from Govt Grants/Council Tax | (14,867) | (10,687) | (13,878) | 2,235 | (956) |
| Transfers to/(from) reserves | (1,060) | (5,588) | (1,882) | (3,344) | 362 |
| TOTAL GENERAL FUND (after transfers) | 0 | 0 | (1,761) | 0 | (1,761) |

- 3.3 The underspend of £1.761m for the year is made up of items relating to the Service Committees as well as specific additional income sources and cost savings. This is after a net transfer of

£1.882m from earmarked reserves, including a net transfer of government funding from the Collection Fund smoothing reserve. Further detail on reserve transfers can be found in Section 5.

3.4 A summarised table of the significant variances is shown below.

Table 2 – Summary of General Fund significant variances

| Service Area | Para | Variance (under)/overspend £k |
|------------------------------------------------|-------------|--------------------------------------|
| Community Services and Licensing | | |
| Housing Benefit subsidy | 3.5 | 406 |
| Community Health and Wellbeing | 3.6 | (67) |
| Customer Services | 3.7 | 94 |
| Public spaces | 3.8 | (90) |
| Environment | | |
| Waste and recycling | 3.9 | (616) |
| Development control | 3.10 | (138) |
| Strategy & Resources | | |
| Covid-19 expenditure/loss of income | 3.11 | (666) |
| Information & Communication Technology | 3.12 | 218 |
| Support charge income from HRA | 3.13 | (147) |
| Remove transfer to Waste and Recycling reserve | 3.14 | 181 |
| Funding - Business Rates | 3.15 | (432) |
| Business Rates Pool | 3.16 | (399) |
| Other variances (net) | | (105) |
| Total | | (1,761) |

3.5 Housing Benefit Subsidy - £406k overspend

As previously reported, this relates to a shortfall on housing benefit subsidy claims, principally for supported accommodation. Although there is a higher rent allowable in supported accommodation, where the cost of housing is significantly higher than the amount allowable under housing benefit this cannot all be claimed back through housing benefit subsidy and part of the cost is borne by the local authority. This cost continues to rise as both the cost and number of supported accommodation placements increase. An increased budget has been included in the 2022/23 allocation.

3.6 Community Health and Wellbeing – (£67k) underspend

A number of Covid related grants were distributed from the County Council including the Practical Support Grant for self- isolating (help with practical tasks, accessing food, assisting with caring responsibilities and mental health, loneliness, and digital support). Staff have been carrying out these duties as their normal day job so the funding was allocated to staff costs and time.

3.7 Customer Services - £94k overspend

The development and modernisation of Customer Services has resulted in additional costs. This work has included reviewing our processes and staffing resource. It is part of wider improvements to the way support and engage communities and is linked to the Council's Fit for the Future programme.

3.8 Public Spaces – (£90k) underspend

The underspend is largely attributable to Public conveniences. A change in business rate relief for public lavatories means that they are no longer attract a charge, this budget has now been removed for 2022/23. Spend on repairs and utilities have also been low due to less usage through the pandemic.

3.9 Waste and Recycling – (£616k) additional income

Significant additional income for recycling credits from Gloucestershire County Council (£143k), income from the sale of recyclates (£411k) and garden waste subscriptions (£175k).

The Ubico final contract spend was £92k over the original budget of £6.379m for 2021-22 across all committees.

Further detail can be found in Appendix D.

3.10 Development Control – (£138k) additional income

The variance in income is due to the number and scale of applications received in the latter part of the year.

3.11 Covid-19 – (£666k) underspend

A budget allowance of £1,540k was approved by Council in February. This was to be funded, in part, by £978k of Government funding. The position has improved from this original estimate and the allocated funding has not been needed.

There has been a loss of income, primarily relating to The Pulse and car parking, as well as some additional expenditure, but this has been funded by government grants, other external funding and some planned use of recovery reserves.

A full breakdown of the Covid-19 additional costs and loss of income, along with grant funding, is included in Appendix J.

3.12 Information and Communication Technology – £226k overspend

The additional spend in IT predominantly relates to an overspend in software costs of £174k, and £51k of staffing costs.

3.13 Support Charges to the HRA - £147k underspend

The recharges to the HRA were £137k higher than budgeted. This predominantly relates to the increase in the cost of IT and the HRAs share of the Fit for the Future programme.

3.14 Waste and Recycling Reserve - £181k

Due to the underspend in Waste and Recycling the budgeted transfer of £181k from the Waste and Recycling Reserve is no longer required.

3.15 Funding – (£432k) additional income

Funding from Business Rates and Government grants is £432k higher than budgeted. This is in part due to the one year gain in renewable energy business rates income of £221k.

3.16 Business Rates Pool gain – (£399k)

There has been a benefit of £399k from being in the Gloucestershire Business Rates Pool.

3.17 Further detail on the year end variances can be found, by Committee, in the appendices.

4. **Allocation of General Fund Underspend**

4.1 The underspend position allows funding to be put in reserves to cover future costs and fund priority works. Delegations exist for the S151 Officer to place funding in reserves to meet the expected pressures upon the Council and existing services. This forms part of the

process of completing the end of year Statement of Accounts. It is then good practice for the committee to consider those allocations at a later date.

4.2 The Section 151 Officer has allocated the funding as set out below.

Table 3 – allocation of General Fund underspend

| Reserve | Allocation to Reserve £k |
|----------------------------------------|-------------------------------------|
| Business Rates Pool gain | 399 |
| Cost of living support | 100 |
| Equalities and wellbeing | 20 |
| CN2030 | 80 |
| Salary inflation | 370 |
| Ubico inflationary pressures | 311 |
| Repairs reserve | 250 |
| Housing Advice | 60 |
| Culture and Leisure – LATC Feasibility | 30 |
| Business Rates reset | 141 |
| Total Allocation | 1,761 |

4.3 Details of these reserves:

4.4 Business Rates Pool - £399k

Income from the Business Rates Pool is always treated as an unbudgeted gain to the Council. The level of risk from the arrangements, pooling income from all six Gloucestershire authorities, means that it would not be prudent to allocate in advance of receipt.

It is recommended this year that the funding be held for use on two priority areas.

- 1) Administration of levelling up fund projects (should the bid be successful)
- 2) Further strengthening the Council's cyber security protection

4.5 Cost of living support - £100k

The Cost of Living Crisis is the major issue affecting the District at the current time. The Council's Health and Wellbeing team are working with Community Hubs and other organisations across the District to help those who are most in need. An additional allocation is made to assist them in that work.

4.6 Equalities and wellbeing - £20k

The Council is continuing its work around equalities and wellbeing. There are Officer Groups considering both issues and making recommendations on how to improve the Council offering. It is recommended that small sums of £10k each are allocated to both groups in order to assist with implementing those recommendations.

4.7 CN2030 - £80k

The 2030 Strategy remains a key document feeding into the Council Plan. The climate change reserve funds a significant portion of this work, including members of the 2030 team. Increasing the allocation into this reserve helps to ensure that this work can continue.

4.8 Salary Inflation - £370k

4.9 The Council is part of the national local government pay negotiations which are currently taking place in relation to the 2022/23 year. These discussions are not concluded at the current point. However, it is clear that the 2.5% allocated within the Medium Term Financial Plan will not be sufficient at this point. The Budget Strategy for the current year was produced at a time when CPI was 3.1%, it is currently 9.1%. Additional sums are therefore to be held within reserve to meet anticipated salary increases in the current year above budgeted sums. The Medium Term Financial Plan will also need to be updated to reflect this increase in cost.

4.10 Ubico inflationary pressures - £311k

Ubico are subject to the same inflationary pressures as the Council and therefore additional sums are to be held to cover the cost of higher than budgeted pay increases for Ubico staff. Also included within this sum is an allowance for higher than budgeted costs of fuel as the price of diesel at the pumps has risen significantly since Ubico budget estimates were produced.

4.11 Repairs reserve - £250k

An allocation into the Council's repairs reserve is good practice at the end of each financial year to provide an allowance for maintaining assets. At the end of 2022/23 there are three specific items which need allowing for. The first is to top the reserve up by £50k to cover the recent grant made by Community, Services and Licensing Committee. Secondly, an allowance is added each year to ensure that there is sufficient budget to replace the Council's low emission Community Services fleet when it reaches the end of its useful life. Finally, there are likely to be funds required to make Council assets suitable for a post-pandemic working environment. It is appropriate to reserve the funds at this points.

4.12 Revenues and Benefits - £60k

The Revs and Bens team continue to support residents and businesses across the District as part of pandemic recovery. Most recently on the £150 Council Tax payments. An element of the New Burdens funding received to run those services is held in a reserve to support the work carried out in future years.

4.13 Culture and Leisure – LATC feasibility - £30k

The work commissioned by Community, Services and Licensing to explore a Local Authority Trading Company is continuing and a business case is being developed. As the project progresses funds will be required for legal and other consultancy advice. Sums are to be placed in a reserve to meet those costs which will be overseen by C,S&L.

4.14 Business rate reset - £141k

The balance of the underspend for the year is to be held in the business rates reset reserve. This reserve underpins the Council's Medium Term Financial Plan and protects against the expected impact of the reset of Business Rates Growth from the bottom line budget. A Government Consultation on the future of local government finance was promised in Spring 2022 but at the time of writing there has not been a consultation issue. Whilst the future financial position remains so uncertain it is prudent to maintain the use of this reserve.

5. **General Fund Earmarked Reserve Movements**

5.1 The following section sets out the impact of the outturn on the earmarked reserves held by the Council. These are held for specific purposes and are in addition to the General Fund balance. The normal operation of Council business includes movements on earmarked reserves including spending existing reserves or placing new funding aside for use in future years.

- 5.2 General Fund earmarked reserves have reduced from £25.203m at 1 April 2021 to £24.032m at 31 March 2022. The in year movement of £0.171m is made up of budgeted transfers to or from reserves (including those approved during the year), transfers included in the year end position, the planned use of the capital reserve to finance the capital programme, and the allocation of the General Fund underspend to reserves for future use.
- 5.3 This includes a net transfer of £2.000m from the Collection Fund smoothing reserve. This reserve was set up in 2020/21, predominantly from specific grant funding from Government, to be used to offset the loss of council tax and business rates income from 2020/21. Under Government rules this will be gradually transferred to the General Fund over three financial years. A further sum was transferred to the reserve in 2021/22 to cover timing differences between business rates income and grant income.
- 5.4 The transfer to the Business Rates Safety Net Reserve of £500k is part of the agreed Medium-Term Financial Plan. This is intended to protect the Council from the anticipated loss of income from future reduction in permitted levels of retained Business Rates. A further £141k was allocated from the underspend.
- 5.5 A new Project earmarked reserve has been set up for specific, short term, projects. This includes £343k of external project funding, £14k funding from Lucky Severn Lottery, and the underspend allocations towards the cost of living (£100k), equalities and wellbeing (£20k), salary inflation (£370k) and Revenues and Benefits new burdens (£60k).
- 5.6 Community Infrastructure Levy (CIL), which has previously been included in the list of earmarked reserves, has been reallocated and is no longer included in this list. The funding is still available, with £1.704m available for infrastructure projects in 2022/23 and beyond.
- 5.7 The general movement of reserves was broadly stable for the year and there has been no movement in the Council's General Fund balance of £2.169 million.
- 5.8 A summary of these movements is included in the below table.

Table 4 – Movements to/(from) earmarked reserves during 2021/22

| Reserve | Budgeted Transfers £k | Capital Financing £k | Other Transfers £k | Underspend Allocation £k | Total Reserve Movement £k |
|-----------------------------------|----------------------------------|---------------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| Building control shared service | (52) | | 28 | | (24) |
| Brimmscombe Port Redevelopment | (27) | | 89 | | 62 |
| Business rates pilot | | | (22) | 399 | 377 |
| Business rates safety net | 500 | | | 141 | 641 |
| Capital | 66 | (49) | (66) | | (49) |
| Climate change | (63) | | 19 | 80 | 36 |
| Collection Fund Smoothing reserve | (4,325) | | 2,325 | | (2,000) |
| Growth and Recovery | (357) | | 115 | | (242) |
| Culture, arts and leisure reserve | (99) | | 22 | 30 | (47) |
| General Fund carry forwards | (511) | | 251 | | (260) |
| Homelessness prevention | | | 143 | | 143 |
| MTFP Equalisation | (104) | | 104 | | - |
| Neighbourhood planning grant | (6) | | 6 | | - |
| Projects | | | 357 | 550 | 907 |
| Repairs and replacement | | | 17 | 250 | 267 |
| Transformation | (429) | | 136 | | (293) |
| Waste management | (181) | | 181 | 311 | 311 |
| Total | (5,588) | (49) | 3,705 | 1,761 | (171) |

5.9 A full breakdown of the earmarked reserves can be found in Appendix F.

5.10 Included within the earmarked reserves is the Carry Forward Reserve, used where services need to transfer external funding or budget for specific projects from one year to the next. The reversals from 2020/21 and amounts carried forward from 2021/22 are shown in the table below.

Table 5 – Movement on General Fund Carry Forward Reserve

| Committee Sub-Heading | Detail | 2020/21 Carry Forwards £k | 2021/22 Carry Forwards £k |
|---------------------------------------------------|----------------------------------------------------------------|---------------------------|---------------------------|
| Community Services and Licensing Committee | | | |
| Revenues and Benefits | Council Tax hardship funding | (314) | 0 |
| Community Safety | PCC External funding | (37) | 8 |
| Youth Services | External funding | (5) | 0 |
| Public Spaces | External funding for play areas | (19) | 19 |
| Cultural Services - Community Health & Wellbeing | External funding for health and inequalities projects | (120) | 75 |
| Environment Committee | | | |
| Health & Wellbeing | Land drainage, joint flood alleviation and rural SUDS | (112) | 28 |
| Planning Strategy/Economic Development | Funding carried forward to support the Local Plan | 0 | 130 |
| Housing Committee | | | |
| Private Sector Housing | Funding for Glos. Private Sector Housing Condition Survey 2022 | 0 | 50 |
| Housing Strategy | Community Housing Fund and Custom Build grant funding | (167) | 167 |
| Housing Advice | Salary funding for 2021/22 | (40) | 0 |
| Strategy and Resources Committee | | | |
| Corporate Services (Legal) | One off costs from transfer to One Legal | (13) | 0 |
| Human Resources | Health and wellbeing development | 0 | 14 |
| Covid-19 | External funding | 0 | 77 |
| Total | | (825) | 566 |

6. General Fund General Reserves

6.1 The General Fund balance has been maintained with no change at £2.169 million.

7. Housing Revenue Account

7.1 The HRA is a self financing account for the Council's landlord function, which must be budgeted to break even (net of transfers to/from HRA reserves).

7.2 The revenue outturn position of the HRA shows a **net overspend of £0.332m** (1.5% of gross expenditure budget).

7.3 A summary of the HRA position follows in Table 6.

Table 6 – Summary of HRA Outturn Position

| Housing Revenue Account | 2021/22 Original Budget £k | 2021/22 Revised Budget £k | 2021/22 Amount £k | 2021/22 Reserve Transfers £k | 2021/22 Outturn Variance £k |
|------------------------------------------|----------------------------------|---------------------------------|-------------------------|---------------------------------------|--------------------------------------|
| Total Income | (23,208) | (23,208) | (23,174) | 0 | 34 |
| Total Expenditure | 10,142 | 10,257 | 10,359 | 59 | 161 |
| Support Service Charges from the GF | 2,058 | 2,058 | 2,204 | 0 | 147 |
| Total Other Costs and Income | 11,248 | 10,518 | 9,543 | 970 | (5) |
| Total Expenditure/Income | 240 | (375) | (1,068) | 1,029 | 336 |
| Transfers to/from HRA Earmarked reserves | (521) | 94 | 1,119 | (1,029) | (4) |
| Transfers to/from General Reserves | 281 | 281 | 281 | 0 | 0 |
| Total Housing Revenue Account | 0 | 0 | 332 | 0 | 332 |

7.4 The outturn variance of £332k includes transfers to and from earmarked reserves. Further detail can be found on these transfers in Section 9 and Appendix F.

7.5 Below is a summary of the key variances within the HRA outturn position.

Table 7 – Summary of HRA key variances

| Area | Para | Variance (under)/ overspend £k |
|-----------------------------------------------------------|------|-----------------------------------------|
| Loss of rents and charges | 7.6 | 257 |
| Lower provision for bad debt | 7.7 | (137) |
| Salary underspends (excluding Property Care) | 7.8 | (291) |
| Additional revenue void spend | 7.9 | 196 |
| Additional council tax on void properties | 7.9 | 171 |
| Property Care | 7.10 | 191 |
| Independent Living Schemes | 7.11 | (110) |
| Additional grounds maintenance costs | 7.12 | 118 |
| Removal of provision held for capital works in 2014 | 7.13 | (624) |
| Transfer of funding to Major Repairs Reserve for Retrofit | 7.13 | 624 |
| Other variances (net) | | (63) |
| Total Overspend | | 332 |

7.6 Rents and Service Charges - £257k pressure

As has been reported during the year, there has been a loss in rents and service charges due to a higher than budgeted number of vacant properties. A lot of work has been undertaken to bring down the high numbers of voids that have occurred due to periods of lockdown and reduced staffing and it is anticipated that the numbers will be back down to budgeted level during the early part of 2022/23.

7.7 Provision for bad debt – (£137k) underspend

An increased provision for non payment of rents and charges has not been needed in full.

7.8 Salary underspends – (£291k) underspend

There have been a number of vacant posts during the year.

7.9 Void - £367k overspend

A targeted resource of £250k has been allocated to provide additional capacity to deliver works on empty properties and bring them back to habitable use, to reduce vacant properties. £196k of this has been used on revenue costs of void properties. There has also been additional spend on capital works.

Additional council tax of £171k has been payable on the vacant properties held by the HRA.

7.10 Property Care - £191k overspend

This predominantly relates to the increased cost of materials use of subcontractors for specialist roles such as roofing and drainage.

7.11 Independent Living Schemes – (£110k) underspend

The underspend for the year primarily relates to savings in salaries where posts have remained unfilled in 2021/22 as well as underspends on fixtures and fittings where tenant improvements were restricted due to Covid, and within utilities where lockdown caused a significant reduction in communal utilities.

7.12 Grounds Maintenance - £118k overspend

Fly tipping and contaminated waste continues to be a costly problem within the estates. A cleaner estates action plan has recently been adopted by Housing Committee. This sets out the expectations, aspirations and methodology used in the delivery of the service and will be used to improve the service by looking at hot spots and the consideration of improved waste storage areas.

7.13 Reversal of Provision Held - £624k

A provision of £624k has been held following major works in 2014, for which the final payment has not been requested. It was reported at budget setting that this provision would be reversed, freeing up the funding of £624k. In line with that report this funding has been put in the Major Repairs Reserve to fund retrofit works.

7.14 Further detail on the HRA outturn position and variances can be found in Appendix E.

8. Housing Revenue Account Earmarked Reserves

8.1 These are held for specific purposes and are in addition to the HRA general reserves. The normal operation of Council business includes movements on earmarked reserves including spending existing reserves or placing new funding aside for use in future years.

8.2 HRA earmarked reserves have increased from £5.668m at 1 April 2021 to £6.787m on 31 March 2022.

8.3 The in year movement of £1.119m is made up of planned transfers to reserves of £1.118m (transfers to Independent Living Modernisation fund - net of use of the Independent Living Modernisation fund in year, and the provision for repayment of debt), a carry forward of £0.100m maintenance funding from 2021/22 into 2022/23, and movement of -£0.078m in the Transformation/Staffing reserve. This includes the use of -£137k for funding interim strategic support and also a redundancy payment, and £59k slippage of recovery posts.

Table 8 – Movements to/(from) HRA earmarked reserves during 2021/22

| Reserve | Budgeted Transfers £k | Provision for repayment of Debt £k | Year end Transfers £k | Total Reserve Movement £k |
|----------------|----------------------------------|-----------------------------------------------|----------------------------------|--------------------------------------|
| | | | | |

| | | | | |
|----------------------------------|------------|------------|-----------|--------------|
| Independent Living Modernisation | 136 | | 15 | 151 |
| HRA Carry forwards | (21) | | 100 | 79 |
| Provision for repayment of debt | | 967 | | 967 |
| Transformation/Staffing | | | (78) | (78) |
| Total | 115 | 967 | 37 | 1,119 |

8.4 A full breakdown of earmarked reserves can be found in appendix F.

9. Housing Revenue Account General Reserves

9.1 The opening balance of HRA general reserves at 1 April 2020 was £4.611m. The base budget included a transfer of £0.281m to reserves, however the overspend of £0.332m has reduced the overall balance to £4.560m.

9.2 There is an additional £1.008m transfer from HRA general reserves budgeted in 2022/23.

Table 9 – HRA General Reserves

| | 2021/22 £k | 2022/23 £k |
|--------------------------------------------------------------------|---------------|---------------|
| Opening balance | 4,611 | 4,560 |
| Budgeted transfer to/(from) general reserves – Council Feb 2022 | 281 | (1,008) |
| 2021/22 Overspend | (332) | |
| Closing balance | 4,560 | 3,552 |

10. Capital Programme

10.1 The 2021/22 Capital Programme of £33.082m was approved by Council in February 2022.

10.2 The full capital outturn position is included in Appendix G, along with detail of the variances. The funding of the Capital Programme is shown in Appendix H.

10.3 The **General Fund Capital Programme**, following the addition of slippage from 2021/22 and a reprofiling of budgets as part of the revised budget for 2021/22 is £11.292m. The total spend against this budget is £9.138m, a net underspend of £2.154m.

10.4 This variance is made up of many items, primarily where there are changes in the timing of delivery as the projects span more than one financial year. There are some areas of forecast slippage, including the Stroud and District cycling and walking plan, Multi Service Contract Vehicles, Canal (Phase 1B of Cotswold Canals Connected) and Community Buildings Investment (Kingshill House). There is also additional spend on Brimscombe Port where demolition works have been brought forward into 2021/22. These are all only timing differences and will not affect the overall costs.

10.5 Net slippage of £2.117m has been requested.

10.6 The General Fund capital programme has areas of overspend relating to the water source heat pumps at Ebley Mill and Brimscombe Port Mill, and the canal restoration (Phase 1A).

10.7 The **Housing Revenue Account Capital Programme** has a revised budget of £21,790.

10.8 Following capital slippage from 2021/22 and the addition of the Decarbonisation Demonstrator project and other changes, Major Works has a budget of £9.912m, with spend of £8.316m, giving net slippage of £1.595m. Of this, a total budget of £0.726m is requested

to carry forward into 2022/23. A full review of the programme will be undertaken this year due to the successful bid for Social Housing Decarbonisation Wave 1 funding. There are also increasing pressures on the cost and availability of materials and labour which is likely to affect the affordability of the current programme.

- 10.9 The New Build and Development programme has a net underspend of £0.748m against a budget of £5.051m. Seven properties have been completed at Summerfield Road in Minchinhampton, with schemes at Broadfield Road and Ringfield Close expected to complete early in 2022/23.
- 10.10 The cost of building new properties has increased during the construction period and significant cost pressure is currently expected across the remainder of the new build programme. Further work will be undertaken to establish the affordability of the programme.
- 10.11 A total of six properties have been added to the HRA stock during the year from property acquisitions. This includes two properties that we purchased under the Next Steps Accommodation Programme for housing ex rough sleepers.
- 10.12 The Opportunity Land Acquisition Pot has not been utilised in year and will carry forward into 2022/23.
- 10.13 A copy of the revised capital programme for 2022/23, taking into account slippage from 2021/22 is in Appendix I. A full analysis of capital programmes across the General Fund and HRA will need to be undertaken to review costs and affordability in light of increasing inflationary pressures. Further detail will be presented to Committee as part of the budget setting report.

11. IMPLICATIONS

11.1 Financial Implications

The whole report is financial in nature, reporting the General Fund and Housing Revenue Account revenue and capital position for 2021/22.

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11.2 Legal Implications

To be confirmed

11.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

11.4 Environmental Implications

There are no direct environmental implications arising from this report. The allocation of underspends includes an additional transfer of £80k to the General Fund climate change reserve.